

JPRS 78452

6 July 1981

China Report

ECONOMIC AFFAIRS

No. 148



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

6 July 1981

CHINA REPORT

ECONOMIC AFFAIRS

No. 148

CONTENTS

NATIONAL POLICY AND ISSUES

- Objective Grounds for Fixing Price According to Quality Outlined
(Jia Kecheng; JINGJI YANJIU, No 3, 1981)..... 1

ECONOMIC PLANNING

- Yunnan 1981 Economic Plan Reported
(Yang Zhengnan; YUNNAN RIBAO, 23 Apr 81)..... 11

ENERGY

- Capital Construction Engineers Construct Coal Mines in Xiqu
(Long Peiyuan, et al.; SHANXI RIBAO, 13 Apr 81)..... 34
- New Energy Sources Developed in Rural Jiangsu
(Cai Mingzhoa; RENMIN RIBAO, 20 Apr 81)..... 36
- Shanxi Province Strives To Boost Coal Production
(SHANXI RIBAO, various dates)..... 38
- Yangquan Mining Bureau Overfulfills Quota, by Li Yansheng
Province Overfulfills Quota in April, by Ji Zhongshi,
Wang Juxiu
Dispute Over Resources Resolved, by Jia Junshan, Wang Zhu
- Shandong Exceeds Coal, Oil Production Quotes
(DAZHONG RIBAO, 2 Apr 81)..... 41
- Coal Production, by Meng Guangming
Oil Production, by Qu Yansen

INDUSTRY

- Briefs
Xinjiang Industry Transport Conference..... 43

NATIONAL POLICY AND ISSUES

OBJECTIVE GROUNDS FOR FIXING PRICE ACCORDING TO QUALITY OUTLINED

Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 3, 1981 pp 65-68

[Article by Jia Kecheng [6328 0344 6134] of the Beijing Economics Institute:
"On the Objective Grounds for Fixing Price According to Quality"]

[Text] I was very much enlightened by my reading of the article "An Exploratory Discussion of the Objective Grounds for Fixing Price According to Quality" by Comrade Luo Jieli [5012 4634 4409] (hereafter abbreviated to "Luo's article"). However, I feel that there are a number of questions that require further discussion. In the text that follows, I shall raise a number of questions concerning Luo's paper and talk a little bit about ways of looking at things.

1. On the Distinction Between Fixing Price According to Quality and Fixing Price According to Value

For a long time, many of our comrades have looked on the question of the objective grounds for fixing price according to value as being a matter of the value of a commodity and not of use value. It is held that the quality of a commodity is consistent with the amount of socially necessary labor to produce said commodity. A commodity of good quality consumes a large amount of socially necessary labor, whereas a commodity of inferior quality consumes a small amount of socially necessary labor. These views are in part inadequate and further study is necessary on them. In Luo's article, he holds that fixing price according to quality and according to value are not the same and that the objective basis for fixing price according to quality is not directly related to the magnitude of value of the commodity itself. This view is correct. However, I feel that he has not spoken too clearly about the problem of fixing price according to quality and fixing price according to value. For example, he says, "In the case of different types of commodities of differing quality, it is very clear that we can explain this only as fixing price according to value and not as fixing price according to quality. It cannot be denied that differences in quality among commodities of differing types are, because of differences in the raw materials used and in technological processes, without doubt related to the amount of socially necessary labor consumed by them and that their price levels should be consistent with their level of quality and with the magnitude of their value. In actual fact, it is a matter of fixing price according to value and not

of fixing price according to quality.* If feel that we must clarify the matter of fixing price according to quality and fixing price according to value. To do so, must we not first make clear what the quality of a commodity is? And must we not next make clear the prices of which commodities should be fixed according to quality and the prices of which commodities should be fixed according to value?

What is referred to as the quality of a commodity indicates the use value of a commodity. A difference in quality is a difference in use value. However, there are two different conditions of the use value of a commodity. One of these is uncomparable use value and the other is comparable use value. A hat and socks are different types of commodities and there is no way in which the magnitudes of their use values can be compared. It is very difficult for us to say whether the use value of socks is greater or whether the use value of a hat is greater. However, it is possible to compare the use values of commodities of the same type but of different varieties and of commodities of the same variety and specifications but of different grades. Although the conditions of this type of comparable use value are fairly complex, they can generally be summed up under two different conditions, i.e., complete comparability and incomplete comparability. For example, the use values of nylon stockings of the same specifications but of different grades are completely comparable. However, the use values of nylon stockings and cotton socks are in part comparable and in part not capable of being compared. Since these two types of stockings both have the attribute of being able to satisfy people's demands for socks to wear, their use values can be substituted for each other. However, the properties of the raw materials in nylon stockings and cotton stockings are not the same. Therefore, nylon stocking and cotton stockings also have aspects in which they differ from each other. Thus, nylon stockings may be less permeable to air than cotton stockings but they may be more durable than cotton stockings, and so on. From this standpoint, they cannot be completely substituted for each other and their use values are also not comparable.

For commodities of which the use values cannot be compared, there is basically no question of fixing price according to quality, as price can only be fixed according to value. Their prices should be determined on the basis of the average cost added to the average profit within the sector without consideration of their use values. Therefore, there is no question of consistency between their price level and the level of their quality. This is therefore the case for the prices of hats and stockings. On the other hand, prices can be fixed according to quality when use values are comparable. However, there are still a number of confused ways of looking at things at present both in theory and in practical work so that a number of problems that do not belong to the category of fixing price according to quality are incorrectly considered as being a matter of fixing price according to quality. For example, in some teaching materials on prices, "standard

*Luo Jieli: "An Exploratory Discussion of the Objective Grounds for Fixing Price According to Quality." JINGJI YANJIU [ECONOMIC RESEARCH], No. 3, 1980. Subsequent citations from Luo's article will not be footnoted again.

price difference" and "sample design and color price differences" are both called quality price differences. We should not consider "standard price difference" to be quality price difference since fixing price according to quality is not applicable to it. Rather, it is a question of fixing price according to value. This is because there is no way to compare the use values of commodities of commodities of the same type but of different specifications. For example, let us consider shoes of the same type (cloth shoes) of different specifications (large and small). It is difficult to say that the use value of large shoes is greater than the use value of small shoes. Therefore, it is not possible to fix their prices according to quality but only according to their value. This is a value price difference not a quality price difference. By the same principle, there is no way of comparing the use values of different styles of a commodity, for example, high-heeled shoes and flat shoes. Their prices can only be fixed on the basis of their value. Although the use values of commodities of different designs and colors are definitely comparable, use values of this kind, which are matters of taste, cannot serve as objective bases for setting quality price differences. Rather, we must take their value as the objective basis for this. The reason that the price of cotton prints is higher than that of plain white cloth is that more labor is used in producing cotton prints than in producing plain white cloth so that cotton prints should be more expensive than plain white cloth. This is still a question of fixing price according to value rather than of fixing price according to quality. What is referred to as fixing price according to quality indicates setting the price on the basis of the use value. This can only be applied to commodities the use values of which can be compared and cannot be applied to setting prices according to value. Only price differences that are formulated on the basis of differences in use value can be called quality price differences. Price differences that are formulated on the basis of differences in value should be called value price differences.

Fixing prices according to quality refers primarily to grade price differences and to certain price differences among varieties. It is relatively simple to set price differences in cases in which use values are completely comparable (as in the case of grade). However, the situation is relatively complex when it comes to use values that are not completely comparable, as in the case of price differences among varieties. In these cases, concrete analyses must be made of the question of fixing price according to quality and also of fixing price according to value. Let us take the price relation between nylon stocking and cotton stocking as an example. When nylon stocking came out as a new product, their use value could be compared with that of cotton stocking, for which reason their prices were comparable. The price of cotton stocking must be taken as the "base price" for the price of nylon stockings and their quality price difference must be determined on the basis of the difference in their quality. The current price of nylon stockings in this country is set on the basis of the fact that the use value (toughness) of nylon stockings is three to four times the use value of cotton stockings. However, nylon stockings and cotton stockings are of the same variety, there are aspects of their use values that are comparable. The raw materials used in them and the techniques for processing them are different, for which reason their values are not the same. Their prices, which vary with the expansion of production, must be regulated. After nylon stocking have gone into mass production and costs have been greatly reduced, the price will fall accordingly. However, since cotton stockings

cannot be completely replaced by nylon stockings, they will still continue to be produced. Under these circumstances, the price of cotton stockings and the price of nylon stockings are no longer comparable since prices can be fixed only on the basis of value and not on the basis of quality. In such industrially developed countries as Japan and the United States, the prices of chemical fiber products are at present considerably lower than the prices of cotton goods. In the future, there will certainly be a change in the current price relations between chemical fiber goods and cotton goods in this country as changes occur in value and in supply and demand. The prices of chemical fiber goods will drop and the prices of cotton goods will rise. This is in accord with the inevitable trend of the law of value.

2. On the Problems of Setting Grade Price Differences and of Calculating Socially Necessary Labor Time

In Luo's article, he said, "If we apply an objective basis of fixing price according to quality to commodities of the same variety and specifications but of differing quality and conclude that they are not equal in value, then this is a matter even more worthy of discussion." "This is because we cannot consider the labor times actually consumed in precision manufacturing and manufacturing in a rough and slipshod way as being directly equivalent to socially necessary labor time." Otherwise, "it would not be possible to make a clear theoretical distinction between the amounts of socially necessary labor in the values of commodities, and, from a practical standpoint, there would be no way of determining the value identical to that of a given commodity." It is my view that setting grade price differences and calculating socially necessary labor time are two different problems that must be explained separately.

In order to explain the aforementioned problems, I shall first discuss how grade price differences of commodities are set in practical work. Let us once again take cotton stockings as an example. Suppose that, because of differences in quality, cotton stockings of the same specifications are classified into four grades, top quality, second quality, third quality and substandard goods. In order to formulate the grade price differences among them, it is first necessary to determine a standard grade and to formulate a price for the standard grade. The price for the standard grade is called the "base price." Suppose that the price of the second quality goods is taken as the "base price" and that the base price of each pair of stockings is set at one yuan. After that, the ratios of the differences in quality between the other grades and second quality products are redetermined. Suppose that the ratios of difference in quality among each of the grades is uniformly 10%. Then, the price of a pair of top quality stockings is 10% higher than that of the second quality product, i.e., 1 yuan 1 jiao. The price of a pair of third quality stockings is 10% lower than that of the second quality product, i.e., 9 jiao. Other cases can be found by analogy.

From this it can be seen that the calculation of the socially necessary labor time for a commodity is, in practical work, is the calculation of the base price of the commodity and is not the calculation of the price difference for different grades. A commodity that is used for setting base price grades can be called a standard good. The setting of prices of standard goods should be referred to as fixing

prices according to value and not as fixing prices according to quality. What is referred to here as fixing prices according to quality indicates grade price differences, not "base prices." However, the direct objective basis for determining this type of grade price difference is the use value not the value. Thus, the objective basis for determining it is not the same as that for determining base price so that there is no need to make concrete calculations of socially necessary labor time.

3. Does the Quality of a Commodity Have Any Effect on Determining the Value of a Commodity?

In Luo's article, he held that the quality of a commodity "did not have any effect" on determining commodity value. It is my view that this question should be subjected to concrete analysis. The value of commodities that we usually speak of is determined by socially necessary labor time and is not determined by use value. We should criticize the "utility theory of determination" in which it is held that the value of a commodity is determined by its use value. However, we cannot on the other hand say that determination of the value of a commodity is not related to use value. Marx, in explaining what socially necessary labor time was, clearly pointed out that this type of socially necessary labor time is "the labor time required to create use value" and that "use value is at the same time the material factor responsible for exchange value."* There are two conditions respecting the relationship between determination of use value and value. The first is the relationship between determination of the use value of a standard good and its value, i.e., its "base value." The second is the relationship between the determination of the use value of a nonstandard good and its social value. The use value of a standard good has only a material effect on determining "base price." It has no effect on determining the value of the base price. A fixed amount of socially necessary labor is the prerequisite for a fixed standard good and its use value. When this prerequisite is departed from, there is no way to study and calculate the amount of socially necessary labor and there is also no way to formulate the "base price" of a standard good. However, as far as quality price differences for commodities of the same type are concerned, the use value, i.e., the quality of the commodity, has a definitive effect on the magnitude of the social value. Let us once again take stockings as an example. Suppose that the use value of a pair of top quality stockings is twice that of the second quality product. If the socially necessary labor time for the second quality product is one hour, then the socially necessary labor time for the first quality stockings is two hours. On the other hand, if the use value of the substandard product is only half that of the second quality product, then society will acknowledge that the amount of labor for it is half that for the second quality product. If a reject is produced, it does not have any value even though labor is expended on it. In short, as far as quality price differences are concerned, its social value is uniformly calculated on the basis of quality regardless of whether a small amount or a large amount of individual labor was consumed in production. Here, use value has a definitive effect on value. Does

*Marx: "Das Kapital," Vol 1. Renmin Chubanshe Edition of 1975 (the same hereafter), pp 52 and 48.

this not violate the principle of labor determining value? I do not think that it does. This is because it is socially necessary labor that determines the social value of a commodity and not individual labor. In regard to this point, Marx said, "The actual value of a commodity is not its individual value but rather is its social value. That is to say, its actual value is not calculated using the labor time actually consumed by the producer in producing it on an individual occasion but rather is calculated using the social labor time required to produce it."* Because the use value of a top quality pair of stockings is twice the use value of the second quality product, in calculating the socially necessary labor time, society acknowledges that the socially necessary labor time for it is twice that for the second quality good. Here, production of a pair of top quality stockings can be considered to be equivalent to production of two pairs of second quality stockings. Thus, the value of the top quality stockings should be twice the value of the second quality stockings.

Such being the case, if a commodity is of good quality, then this will be reflected in a high social value. In the contrary case, the value will be low. Now, can we or can we not on the basis of this conclude that the objective basis for fixing price according to quality lies in the value of the commodity and that fixing price according to quality is fixing price according to value? From the standpoint of abstract theory, we can. However, from the standpoint of the actual setting of prices, this is out of the question. The value that is used to formulate the price of a commodity must be a value that can be calculated using definite concrete figures. In actual work, the essential thing is calculating costs. This value can be called the concrete "real value." However, the social value of a commodity and its actual value, i.e., the labor time actually consumed in producing said commodity, are not one and the same thing. The social value of a pair of top quality stockings can be equal to the social value of a pair of second quality stockings. However, the actual labor time that is consumed in producing a pair of top quality stockings is not always greater than the actual amount of labor involved in producing a pair of second quality stockings and there is not a fixed direct ratio between them. This is because the quality of a commodity is related to such conditions as natural conditions, the technical skills of labor, experience in production, raw materials and equipment and is not completely a simple question of the amount of labor. Therefore, when the quality price differences of commodities are being calculated in actual work, their costs cannot be made the objective bases for fixing price according to quality. Rather, only the differences in the use values can be taken as the objective bases for fixing price according to quality. Therefore, the direct objective basis for fixing price according to quality can only be the magnitude of the use value. It cannot at the same time be the magnitude of the actual amount of the value (the cost) of said commodity. This is because the two are not completely equal and cannot be directly substituted for each other.

*Marx: "Das Kapital," Vol 1 p 353.

4. The Supply and Demand Relationship is Not the Objective Basis for Fixing Price According to Quality

After making the analysis that the objective basis for fixing price according to quality should not be the value of the commodity, Luo states, "How, then, should the objective basis for 'fixing price according to quality' be analyzed? It is my view that we must analyze the effects of the quality of a product on the formation of market value with the prerequisite of confirming that value is the basis of price." From an objective analysis of this article, it appears that the state of supply and demand is being taken as the objective basis for determining quality price differences. For example, he states, "Under conditions of overall equilibrium of supply and demand, a state of supply not meeting demand can arise for a superior product because of a large number of buyers and a limited quantity so that sellers can sell at a price higher than the value." In my view, this confuses the effect of supply and demand in divorcing price from value with fixing price according to quality. To be sure, the supply and demand relationship is an objective factor in causing price to deviate from value. However, it is not the objective basis for determining quality price differences. This is because the price of a superior product will always be higher than the price of inferior product regardless of whether or not supply and demand are in equilibrium. The supply and demand relationship can not only cause the price of a superior product to be divorced from its value but it can also cause the price of an inferior product to be divorced from its value. The state of supply and demand is never the objective basis causing the price of a superior product to be higher than the price of a low quality product. In his article, Luo says that, under conditions of overall equilibrium of supply and demand, the price of a superior product will be raised because of a large number of buyers while the situation a low quality product is not sold because no one makes inquiries about it is in fact a penalty against those who violate the principle of fixing price according to quality. This state of affairs occurs only when there is a single price for both the superior product and the low quality product and when there is not a rational quality price difference. This means that there must be a rational price difference between the superior product and the low quality product and that there cannot be a single price for both the good and the bad.

The formation of quality price differences for commodities is not the same in planned markets and free markets. Fixing price according to quality as we are speaking of it indicates that the concerned sector formulates a rational quality price difference before the commodities go on the market giving the highest price to the best quality and the next highest price to the next highest in quality. In this way, a state of affairs will not develop in which there are too many buyers for the superior product and no one bidding for the low quality product. On the other hand, if there is no quality price difference or if the quality price difference is not rational, problems will arise in the state of supply and demand. Suppose that the price of a superior product is set too high and that the price of a low quality product is set too low. Then there may be a large number of people who buy the low quality product whereas there may be no bidders for the superior product. As the result, people will be forced to readjust the prices. From a superficial standpoint, this appears to be a case of fixing price according to supply and demand. In actuality, it is a case of fixing price according to

quality. The state of supply and demand of commodities of different qualities can serve as a reference scale for testing whether or not a quality price difference is rational. However, it cannot serve as the objective basis for fixing price according to quality.

In addition to this, in everyday life there are a number of price differences that are referred to as "quality price differences" that are actually "supply and demand price differences." The type of price difference that Luo in his article speaks of in terms of "a catty of fresh lard being more expensive than a catty of pork" is a supply and demand price difference and is not a quality price difference. This is because the use value of fats is not comparable to the use value of proteins. The principle reason that lard is more expensive than lean pork is that the supply of lard does not meet the demand for it. This type of price difference can change as supply and demand varies. The price of lean pork can be higher than the price of lard. Supply and demand price difference is not the same as quality price difference and they should be distinguished from each other. Otherwise, the objective basis for fixing price according to quality may be wrongly taken to be the supply-demand relationship.

5. An Inquiry Into Various Problems

At the end of his article, Luo raised four questions worthy of study. A conscientious study of these questions from a theoretical standpoint would be beneficial in thoroughly implementing a policy of fixing prices according to quality.

1. "How can the quality price differences of superior products be set so that they will not limit the level of consumption by the masses and will not affect the sales of products?"

I feel that this question is one of how to utilize prices to regulate supply and demand and is not a question of fixing price according to quality. As long as the price of a superior product is consistent with its quality, then there will be no problem of limiting mass consumption and of affecting sales. It is only when the price of a superior product is set too high that the aforementioned problem can occur. However, a counterreaction of price on supply and demand is applicable not only to superior goods but to all commodities. It is only when the supply of a commodity does not meet the demand for it that it is necessary to raise its price and limit consumption. Conversely, if it is not wished to limit consumption, but rather to increase sales, then the price cannot be raised but must be lowered. This is a counterreaction of price on supply and demand.

2. "How can we foster the expansion of industrial products in regions with a low level of technology when we are implementing fixing of prices according to quality?"

It is my view that it is essential to foster the expansion of regional industries. However, we cannot violate the principle of fixing price according to quality. If we do not fix the prices of certain local industrial goods of substandard quality according to quality, then the prices of substandard goods will not be lower but

rather will be high with the result that it will be difficult to sell them. At present there are a number of local industrial products that no one will buy because they are of substandard quality but have high prices with the result that difficulties have arisen in production. This indicates that the principle of fixing price according to quality cannot be violated. Nevertheless, in some regions prices have not been regulated in a rational way. Rather, administrative orders have been issued specifying that only purchase of local products is authorized and that they must be purchased regardless of price and quality. A closed-door self-preserving policy of this kind that opposes competition and protects the backward is not beneficial to the expansion of productive forces and harms both the nation and the individual. Since competition gives impetus to the expansion of productive forces. Thus, it cannot be resisted. Local industries must expand through competition. If they are to do this, they must lower their costs and raise quality. They cannot maintain high prices.

3. "How should we handle the situation in which in actual life the individual values of superior products are higher than their social values and the individual values of low quality products are lower than their social values?"

When the individual value of a superior product is higher than its value, its price may not necessarily be lower than its value. This is because the price of a superior product is higher than the social value of the standard product. When the individual value of a superior product is too high and is higher than its price, then it is only through efforts to improve production and lower costs that it can remain in existence and be developed. The method of raising the price to meet individual value will not work. It is a good thing for the value of an individual enterprise to be lower than its social value. This should be encouraged and not attacked.

4. "Products of the same type differ in degree of precision and utility and there are also differences in external beauty and color. When fixing price according to quality, which factor should be taken as the principal basis?"

It is my view that the term "value" in the expression fixing price according to value refers primarily to the use value, the magnitudes of which can be compared from a material standpoint. For this reason, differences in utility should be the principal factor for commodities that differ in degree of utility and that differ in such subjective aspects as external beauty. In addition, the prices of certain commodities that differ only in external beauty and color should be fixed according to their value and not according to their quality. For example, we have no way to establish separate quality price differences for decorated washbasins and plain washbasins on the basis of differences in their external beauty. All that can be done is to set appropriate price differences for them on the basis of differences in their costs.

In summary, the problem of fixing price according to quality is a very complicated problem. It involves both theoretical problems and practical problems. There is a large number of problems that must be studied and resolved. However, a correct clarification from a theoretical standpoint of the objective basis for fixing price according to quality is of extremely great significance in effecting a

correct implementation of the policy of fixing price according to quality in practical work, in managing affairs in accordance with objective laws and in overcoming subjectivism. The direct objective basis for fixing price according to quality is not the magnitude of the amount of value of a commodity nor is it the supply and demand relationship. Rather, it is the use value. Therefore, in order to formulate quality price differences of commodities in a rational way, we must make a thorough study of the use values of commodities and establish rational quality standards and quality difference ratios. In this way, we will be able to provide a reliable and scientific objective basis for the work of fixing price according to quality and to truly manage affairs in accordance with objective laws so that we will be able to attain the objective of promoting the development of agricultural and industrial production and of raising the quality of products.

(April 1980)

10019

CSO: 4006/274

ECONOMIC PLANNING

YUNNAN 1981 ECONOMIC PLAN REPORTED

Kunming YUNNAN RIBAO in Chinese 23 Apr 81 pp 2-3

[Article by Yang Zhengnan [2799 2973 0589] chairman of the Yunnan Provincial Planning Committee: "Report on Our Province's 1981 Economic Plan and Arrangement of Readjustment Work." Report presented at the Seventh Meeting of the Standing Committee of the Fifth People's Congress on 15 April 1981]

[Text] Members of the Committee:

In December of last year, the third meeting of the Fifth People's Congress of Yunnan Province decided: "It has been requested that the provincial people's government draw up the economic plan for 1981 and the financial budget for 1981 according to the plans issued by the state and the actual situation in our province. The authority has been given to the Standing Committee of this Congress to review and approve the plan and budget." At the end of January of this year, the State Council had already officially issued the national economic plan for 1981. At the same time, the Yunnan Provincial Committee of the Chinese Communist Party held a working conference and the provincial people's government held a provincial planning conference to make known and implement the spirit of the working conference of the Central Committee, the conference of governors of provinces, mayors and chairmen of autonomous regions held by the State Council and the National Planning Conference. The present economic situation in our province was further analyzed and the readjustment task of our province's economy and the main measures that must be taken this year were discussed.

Now, by the authority of the provincial people's government vested in me, I submit this report on our province's economic plan for 1981 as discussed and revised by these conferences and the arrangement of the readjustments for your review and discussion.

I. Implementation of the 1980 Economic Plan

In 1980, our province continued to implement the series of guidelines, policies and measures of the Central Committee since the Third Plenum of the 11th Party Congress, preliminarily readjusted the economy, made necessary reforms in the economic management system, continued to correct the "leftist" mistakes in past economic work. With the common efforts of the various nationalities, the economic situation of the entire province is very good, and better than originally

expected. The major indicators are: the rising enthusiasm of the broad masses in production, especially that of farm village commune members, continued development of industrial and agricultural production, prosperity in the market, and stability in the people's lives

1. Overall increase in the yield of agricultural production has promoted an active economy in the cities and villages. Last year, although there were 22 counties in our province that suffered from severe drought, because of the conscientious implementation of the series of correct agricultural policies of the party Central Committee and the State Council and the various regulations of the province, various forms of the production responsibility system were established and made sound, and the enthusiasm of the broad masses of commune and brigade cadres and commune members in production was mobilized in a big way, and an overall bumper harvest throughout the province in agricultural production was realized. The yield of food grains throughout the province reached 17.311 billion jin, an increase of 1.453 billion jin over the previous year, or an increase of 9.2 percent, and an increase of 30 million jin over 1978, a year of bumper harvests. It was the highest annual yield since founding of the nation. According to the typical surveys and analysis, because the yield of food grains of the "small freedom" portion of commune members reported by various localities was generally less than the actual yield, therefore, the yield of food grains of the entire province actually surpassed the above statistical figures. Increases in major economic crops, sugar cane, peanuts, rubber, tea, rapeseeds were large. The yield of sugar cane was 36.89 million dan, the yield of rubber was 18,900 tons, again creating the highest level of the past. The yield of rapeseed reached 835,000 dan, an increase of 52.2 percent. The yield of flue cured tobacco was less because of drought but the quality visibly improved. The number of live hogs and large livestock remaining at year-end also reached the highest level of the past. The weight per live hog procured by the state increased an average of 13 jin. Total income of commune and brigade enterprises reached 599 million yuan, an increase of 19.8 percent over the previous year. Because of the development of diversification, the internal structure of agriculture also changed. Last year, the production value of economic crops and forestry, livestock production, sideline production, and fishery as a proportion of the total production value rose. What pleased people most was the situation of a group of poor communes and brigades "relying on returned sales for food grains, relying on loans for production, relying on subsidies to live" for many years was turned around. A prosperous situation of plenty of food grains, plenty of money, plenty of hogs, plenty of newly built houses, plenty of weddings in farm villages emerged. The masses of some regions that suffered from disasters said, "heaven brought disaster upon man, the policy saved him, damages were not visible in a year of disaster." The social order in the broad number of farm villages throughout the province is stable, the borders are stable, the nationalities are united, the farmers are satisfied, the relationship between cadres and the masses has greatly improved, the scene of prosperity can be seen everywhere.

2. Industrial production grew in stable strides, economic results improved. As the autonomy of enterprises expanded and the regulatory function of the market developed, the enthusiasm of the broad masses of cadres and workers was mobilized, the internal structure of industry and the quantity, quality and

varieties of products all began to change. Industrial growth was rapid. During the 4 years from 1977 to 1980, growth averaged 8.7 percent. Last year, the entire province's total value of industrial production was 6.23 billion yuan, an increase of 3.5 percent over 1979. The growth of light industry was 9.5 percent. Products of light industries and handicraft industries that suited the needs of the people and masses increased, and the increase of medium and high priced products like bicycles, sewing machines, television sets, radios and small daily commodities and metallic products was relatively large. The metallurgical and coal mining industries adjusted the imbalanced proportion of exploiting mines and repaid a part of the debts incurred for digging and stripping. The steel, machinery, chemical engineering, military industries continued to readjust the orientation of products and the structure of products, they increased varieties and served the agricultural and light industry markets better. Last year, the military and industrial enterprises produced civilian products that constituted 50 percent of the production value of their respective lines. The economic results improved. The net profit of state run industries throughout the province increased 5.6 percent, the deficits of enterprises suffering losses decreased 12.8 percent. Enterprises within the budget realized a profit of 10.99 yuan on every 100 yuan of production value, an increase of 4.2 percent. Each 10,000 yuan of industrial production value consumed (converted to standard coal) 9.68 tons of energy, a drop of 5.8 percent and a total savings of 372,000 tons.

3. Basic construction projects decreased in number, the direction of investments was gradually readjusted. Last year, 156 basic construction projects throughout the province were determined or postponed. The scale of investments was reduced by 630 million yuan. The direction of investment in basic construction was further readjusted. Completed investment in agriculture increased 6.8 percent over 1978, investment in light and textile industries increased 46.2 percent, and investment in heavy industry decreased 23.7 percent. The proportion of completed investment in nonproductive construction increased from 28 percent in 1979 to 36.5 percent. Of this, completed investment in housing construction increased 58.5 percent over the previous year, the area of construction completed was 2.31 square meters, creating the highest level of the past.

4. Financial income increased, the balance of income and expenditure produced a slight favorable balance. Last year, our province's financial income realized 1.162 billion yuan. After deducting the 46 million yuan submitted to the Central Committee as depreciation of enterprises the income of the locality was 1.116 billion yuan, 6.4 percent higher than the estimated income, an increase of 1.3 percent over the income received in the previous year, and according to constant figures, the increase was 9 percent. Financial expenditure was 1.758 billion yuan, 20.7 percent less than the estimated expenditure. According to constant figures, this was 13.5 percent less than 1979. The balance of income and expenditure, surplus income, final surplus and final transfer of funds totaled 526 million yuan.

5. Markets in the cities and villages were active and purchases and sales were both prosperous. In the realm of the flow of commercial products under the guidance of state plans, market adjustment was further developed, the intermediary links were decreased, the channels for the flow of products were increased,

combination of industry and commerce was promoted, production and needs were well connected, and the quantity of commercial products suitable for marketing and satisfying the needs increased. Last year, the total value of procurement by the commercial departments of the entire province increased 7.9 percent over the previous year. Of this, the total value of procurement of agricultural and sideline products increased 20.3 percent. The total value of retail sales of social and commercial products increased 9.4 percent. The year-end inventory in stock increased 2.9 percent. The total value of procurement for foreign trade surpassed the annual plan by 37.6 percent, an increase of 20.4 percent over the previous year. The total value of exports surpassed the annual plan by 16.4 percent, an increase of 8 percent over the previous year. Trade in the collective market was also very active. Total value of trading in the collective markets throughout the province was about 700 million yuan, an increase of 39.2 percent over the previous year. Many commodity prices in collective markets were stable but dropped. According to a survey of 22 key collective markets taken last December, the general level of prices of major commercial products dropped 11.1 percent from the same period a year ago. The gap between the list price and market price gradually decreased from the 49 percent during the same period the year before to 36.9 percent.

Last year, the entire province handled a total of 289 million yuan worth of accumulated materials, constituting 45 percent of the amount of accumulated materials. Among them, materials for daily living amounted to over 54 million yuan, constituting 27 percent of accumulated materials, productive materials amounted to 235 million yuan, constituting 54 percent of accumulated materials. Clearing the warehouses hastened turnover of working capital of enterprises and also provided massive amounts of commercial products, activating the markets in the cities and villages.

The purchasing power of social groups continued to shrink. Nonproductive groups purchased 19.4 million yuan worth of goods, and according to constant figures, this was a drop of 3 percent from the previous year.

6. Scientific, educational, cultural, and health businesses intensified. Last year, investment in basic construction in science, education, culture and health increased 24.6 percent over the previous year. Scientific research yielded 42 more important achievements that could be popularized and utilized. The number of student admissions into universities, colleges and academies increased 6.9 percent over the previous year. Reform of the structure of middle school education began, and a group of middle school level vocational schools, technical schools and trade schools were developed. The entire province already has 35 schools that have conducted trade classes. Enrollment is over 3,400. Over 20,000 private teachers in minority mountain regions and border regions were examined and certified and became public teachers. Education for the national minorities was strengthened, 40 middle and elementary schools for national minorities providing free living quarters were reestablished and newly built. Nine schools for cadres of national minorities were established, all types of schools increased the ratio of national minority students. Corresponding development was also realized in cultural, health, physical education, broadcasting, television, journalism and publishing businesses and planned parenthood work. Last year, the natural population growth rate dropped from 1.46 percent of the previous year to 1.026 percent.

9. The life of the people in the cities and villages continued to improve. Last year, employment was arranged for 136,000 people in the cities and villages throughout the province. With those employed in 1979, a total of 302,000 persons were given jobs in 2 years. Because the state implemented measures to increase wages, to establish reward systems and provide job placement, income of residents in cities and towns increased, and their life gradually improved. According to a survey of the life of 230 workers' families in Kunming City conducted last year, average per capita monthly income for living expenses was 33.49 yuan, an increase of 25.7 percent over the previous year. According to another survey of 330 workers' families in the three cities of Kunming, Gejiu and Xianguan, the average per capita monthly income for living expenses during the fourth quarter of last year was 32.92 yuan, an increase of 42.5 percent over that in 1977 before wages were adjusted. Income of farm village commune members also increased to a greater extent. According to a survey of the income of 610 families of commune members in 28 counties, last year, the income of each farmer was estimated to be 168.50 yuan (including income from distribution by the collective and income from sideline production of the family of commune members, and other nonloan type income) an increase of 16.7 percent over the previous year. At the end of last year, total savings in cities and villages reached 678 million yuan, an increase of 38.9 percent over the previous year. The average per capita savings throughout the province was 21.60 yuan, an increase of 39 percent over the previous year. As the income of the people in cities and villages increased, the number of commune members in farm villages building new houses increased greatly, constituting an average of 7 percent of the total number of farm families. At some dam areas, the percentage reached 20 percent.

The purchasing power for social and commercial products visibly increased. Last year, the purchasing power for social and commercial products of the whole province increased 11 percent over the previous year. The composition of commercial products purchased by the people in the cities and villages also changed drastically. Greater increases in the sale of medium and high priced commercial products were realized. Sales of television sets throughout the province increased 69 percent over the previous year, semiconductor radios 14.1 percent, wristwatches 24.4 percent, dylon mixed synthetic material 41.5 percent, satin 35 percent, nylon 22 percent, sewing machines 13 percent, and sales of bicycles increased 15.8 percent.

The above situation fully shows the present economic trend in our province is the same as that of the entire nation, it is also a very good trend rarely seen since the founding of the nation. But, many problems exist in our province's economy, and under the good situation, there are still potential dangers.

The scale of basic construction was not trimmed. The investment budgeted by the state was trimmed, the capital to be raised privately was increased, financial appropriations were trimmed, bank loans were increased. In 1978, the entire province invested 1.177 billion yuan in basic construction, in 1979, it invested 1.271 billion yuan, and in 1980, it invested 1.401 billion yuan. Investments increased year after year, the scale of basic construction expanded year after year, the amount of currency was increased, and the financial and material balance was affected.

Last year, the financial income of the provincial level departments was less than the estimated income by 62 million yuan, and after the surplus income submitted to the provincial finance departments by the localities, prefectures and cities according to proportional distribution and retention of share was used to subsidize a part of the reduction, there was still a shortage of 32 million yuan in income.

Administrative expenses increased. In 1979, the province's administrative expenses increased 12 percent over 1978, and in 1980 such expenses increased further by 10.9 percent over 1979. Administrative costs of industrial, transportation and commercial enterprises also increased tremendously.

The amount of currency in circulation also grew. At the end of 1980, the amount of currency in circulation was still higher than the supply of commercial products.

At present, the difficulties and the potential dangers in our province's economic work have been caused by the many years of "leftist" mistakes. Because we still do not fully understand the developmental patterns of the economy, we always think of hastening the rate of construction. We have not given enough consideration to starting out from the actual situation and understanding our own strength and have spent a fairly long time concentrating our main strength on the development of heavy industry, causing serious imbalance in the proportional relationships of the economy. After the Third Plenum we did not fully recognize this seriously unbalanced situation and the difficulty of readjustment. We did not place readjustment at the center and key position in implementing the "eight character policy." Therefore, after 2 years of preliminary readjustment, agriculture and light industry were backward, the imbalance of the internal proportional relationship in heavy industry was not changed much. Although during the recent 2 years, efforts in education, science, culture, health, urban construction, residential construction, commerce and service professions were intensified, there is still a lot more to be done.

Therefore, starting out from the actual situation of our province's present economy and insisting on implementation of the policies of the Central Committee to grasp readjustment and stabilization of the economy tightly are very necessary. We must further readjust the economy and take decisive measures to eliminate the potential dangers.

II. The 1981 Economic Plan and the Arrangement of Readjustment Work

In accordance with the major strategic policy of the Central Committee concerning further readjustment of the economy and realization of further stability in politics, and in view of the state's long range plans now being drafted, readjustment of our province's economy must start out from the actual situation in our province. It has a poor economic foundation, it is a border province, transportation is inconvenient, there are many national minorities, culture and technology are backward, geographical conditions are vastly different, and the farm village population constitutes 89 percent. Work must be done conscientiously according to the objective economic patterns and natural patterns and according to our own strength, progress should be gradual and in order, emphasis should be

placed on actual results so that agriculture, light industry, heavy industry and the proportional relationships within agriculture and industry can develop forward more in coordination, so that accumulation and consumption can maintain a rational ratio, so that economic development and improvement of the people's livelihood are mutually compatible, so that the building of our province's socialist modernization can follow a planned and proportional development.

This year, readjustment of our province's economy must insist on assuring the completion of the tasks of controlling the scale of basic construction in our province as directed by the state, fulfillment of the financial indicators for borrowing from the state and for subscribing to treasury bonds. Efforts must be exerted to develop agricultural and light industrial production, more industrial products that are suitable for marketing and that satisfy the needs of the market should be produced, financial income should be increased, currency should be recycled, more savings should be attracted, expenditures should be cut, investment in basic construction should be trimmed, circulation of currency should be reduced, basically realizing a balance in finances, credits and loans, materials, and establishing basically stable prices.

The 1981 economic plan of our province and the arrangement of readjustment work are as follows:

1. Insist on limiting investment in basic construction. The key to readjustment of the economy is to limit the scale of basic construction. This year, the state has appropriated an investment totaling 508 million yuan for the basic construction of various ditches and channels in our province, less than the actual investment of the previous year by more than 800 million yuan. Of the total investment, except for the projects directly ordered by the Central Committee, investment in basic construction prepared for and arranged by the province amounts to only 238 million yuan, 68 percent less than the previous year. Budgeted investment by the localities amounts to 98 million yuan, a reduction of 48 percent. The controlling indicator for privately raised capital is 140 million yuan, a reduction of 74 percent. This is the scale of construction which our province must strictly control. With such a big cut in the scale of basic construction, we are unable to launch new projects this year, and we must also terminate or postpone some projects now being built. The task is difficult. To assure overall stability, without the state's approval, the controlling indicators issued must not be violated.

All projects now being built must be thoroughly cleared and we must be determined to terminate those projects that do not possess constructive conditions and those projects that do not possess productive conditions after completion, and those redundant projects must be terminated. Within the controlled scale stipulated by the state, investments should be concentrated on key projects urgently needed in production at present, new housing for workers, cultural, educational and urban construction projects based on the principle that the investment will benefit improvement of the irrational economic structure, improvement of economic results, and will produce results and gain within a short period. Arrangement of budgeted investment in the localities is as follows: 37.8 percent in agriculture (last year, it was 37 percent); 21.9 percent in scientific, educational,

cultural projects and health (last year, it was 12.1 percent); 5.4 percent in commerce, supply and marketing, food grains (last year it was 3.7 percent); 11.2 percent in urban construction, housing, environmental protection (last year it was 9.4 percent). The proportions of the above investments have all been increased. Investment in industry will amount to 13.2 percent, lower than that of last year (22.1 percent) by a relatively large amount. Investment in heavy industry and processing industries has been mostly cut. Besides assuring that the individual projects near completion and the weak links can be completed, investments were not appropriated for most of the units in heavy industry. Private capital appropriated according to the indicators for localities, prefectures and cities constituted 57 percent, and that appropriated for provincial level departments (including directly subordinate enterprises) constituted 43 percent. The investment is mainly provided to readjust agriculture, light industry and heavy industry and construction projects being built under the "bone" and "flesh" proportional relationship, and most of it is being used for housing construction, supporting agriculture and education.

For projects to be terminated and postponed by decision, each locality and each department must organize a strong working group to go to the sites to do ideological work for cadres and workers well, to help maintain and utilize the equipment and materials, to help in financial matters, filing and organizing documents and their preservation, and reassignment of personnel. Work must not be simply abandoned, causing loss and wastefulness. After basic construction has been cut, the province will have a population of unemployed construction teams which will need to be reassigned appropriately. Contract construction teams from other provinces and cities must be ordered to return within a set period. State run building professions must humbly change their operating style and operating methods, reduce management costs, and actively "seek rice for the pot." They should not be afraid of small jobs, income, mobility, or scattered construction. They can go deeply into the remote villages and the border regions to actively contract for water conservancy, road building and repair and other construction tasks.

2. Tighten various expenditures. Last year, the state slated for our province 80 million yuan of guaranteed treasury bonds and 90 million yuan of term treasury bonds. Each locality and each department was able to subscribe to them enthusiastically. Term bonds have not met demand. The Central Committee borrowed 15 percent of the financial income of the localities, or about 216 million yuan. This has already been deducted from the expenditures of the financial budget of the localities and has been implemented by the actual units to assure completion of the task.

According to this year's industrial and agricultural production plans and the various financial tasks stipulated by the state, our province's financial plan has been set at 1.08 billion yuan. With the addition of subsidies by the Central Committee and deductions of the amount loaned to the Central Committee, the expenditure plan is set at 1.227 billion yuan, less than the budgeted expenditure established at the beginning of last year by 11.1 percent. Among the various expenditure items, expenditure for scientific and educational work has increased, investments in basic construction, operating capital for industrial and

commercial enterprises and civil defense costs have been cut by a larger degree. Public funds for enterprises have been reduced by 20 percent from the actual expenditure incurred in 1980. The purchasing power of nonproductive social groups has been further reduced by 10 percent.

Such an arrangement enables each unit to follow the overall situation and to share the difficulties of the nation and accept the various financial tasks. This year's financial income plan must be completed to ensure realization of each expenditure plan. Thriftiness must be practiced in doing everything. Money which does not have to be spent should not be spent. Money that has to be spent must be calculated carefully. Practical results must be emphasized and less money should be used to get things done. The provincial people's government has ruled that in the future, all questions concerning reduction of income and increasing expenditure must be reported and reviewed by the finance department of the province and approved by the provincial people's government.

3. Exert efforts to develop industrial and agricultural production. This year, arrangement of the industrial and agricultural production plans of our province in general is continued emphasis on the improvement of economic results. The production indicators should not be set too high, the plans must provide leeway. This will benefit readjustment of the economy. Efforts must be exerted to hasten the rate of development of agriculture, light industry and textile industry so that more currency can be earned. Readjustment of heavy industry must be done well. Superior products, short assembly line products and products that are suitable for marketing and satisfy the market needs must be increased while long assembly line products must be appropriately lessened. In 1981, the industrial and agricultural production value of the entire province is estimated to increase 2.3 percent over last year. Agriculture is estimated to increase 2.5 percent and industry is estimated to increase 2.1 percent.

In agriculture, food grain production shall never be relaxed, diversification must also be actively developed, and greater efforts must be exerted to realize another overall bumper harvest this year. In developing agriculture and readjusting the internal structure of agriculture, food grain production must be placed in the forefront. The yield of food grain crops must not be reduced because the yield of economic crops is increased. The development of economic crops must not be dependent upon decreasing the amount of food grains shipped out or increasing importation of food grains. This year's food grain production must meet the 17 billion jin stipulated in state plans with a surplus. Efforts must be made to produce 17.5 billion jin and to create the highest level of the past again. Efforts should be made to increase the yield of oil bearing crops and produce 1.25 million dan of oil and surpass last year's level. The goal of sugar cane production is 42.8 million dan, an increase of 16 percent over last year. The goal of flue cured tobacco production is 2.2 million dan, an increase of 6 percent. The goal of tea production is 360,000 dan, an increase of 5.9 percent. Total yield of pork, beef and mutton is set at 270,000 tons, an increase of 3.9 percent. Total income of commune and brigade enterprises is set at 620 million yuan, an increase of 3.9 percent.

There are many favorable conditions to realize the above demands. One is the further implementation of the farm village economic policy of the party since the Third Plenum and the continued stability and perfection of the various forms of the responsibility system. These are the most fundamental conditions that ensure increased agricultural yield this year. The second is that through many years of basic construction in agriculture, the basic conditions of agricultural production and the ability to resist natural disasters have definitely been improved and strengthened. The third is that the amount of farm machinery, chemical fertilizers and such materials for supporting agriculture, especially the many kinds of chemical fertilizers, can basically satisfy the present needs in agricultural production. The major unfavorable factor is that since last winter, some regions have been seriously affected by drought, the water reserve in reservoirs is less than that at the beginning of last year by 445 million cubic meters. The second is that the state's investment in agricultural construction this year has been reduced. These difficulties can be overcome and bumper harvests in agriculture can be realized as long as each level of the party committee and government strengthens leadership in agriculture, continues to liberate ideology, seeks truth from facts, conscientiously implements the various effective policies, further mobilizes the enthusiasm of the broad masses and cadres, develops the spirit of hardship and struggle, and exerts efforts to grasp scientific planting and measures to increase yields well.

The departments and enterprises and units subordinate to the province, locality, prefecture, city and county must all concentrate on agriculture and actively support agriculture. Oil and fuel, power, farm machinery, farm tools, chemical fertilizers for farm use must be supplied in time according to need. Efforts should be exerted to procure agricultural and sideline products. The tendency still existing in a few basic level units that the larger the gain the more is to be procured, the smaller the gain the less is procured and things that do not yield any gain are not procured must be overcome.

Light industries and textile industries must have greater development. Greatly increasing the output of light and textile industrial products is an important aspect of activating the market, earning currency, reducing investment, and increasing financial income. Our province has many superior conditions for developing light and textile industries. One is that we have more power and the conditions of several raw materials are good. The second is that the projects of digging for potential, reformation and improvement carried out last year are partially ready this year to enter into production. The third is that a part of the machinery industry has already begun to direct itself towards the production of light industrial products. Therefore, our province's light industry has a better future for development.

This year, the planned increase in the production value of light and textile industries is 6.8 percent. The plans call for the production of 170,000 pieces of cotton yarn, 175,000 tons of sugar, 900,000 cartons of cigarettes, 50,000 bicycles, 80,000 sewing machines, 15,000 television sets, and the production of other light industrial products must also increase by different degrees. Development of light and textile industries mainly relies on strengthening management, reforming technology and improving techniques. Major efforts

must be exerted to solve the problem of high prices and low quality products, increase variety, color and patterns and increase the proportion of medium and high priced commercial products. Efforts must be combined with our province's actual situation to conscientiously learn the advanced techniques and the experience of management work of Shanghai and Tianjin and such places according to plan and with purpose, fully develop the function of technical forces of other places that have been brought to our province to support us to hasten the progress of readjusting our province's industry. The banks must continue medium and short term loans to support the production of consumer products and some of the renovation and reformation projects and projects of digging for potential that can produce quick results and do not cost a lot of money.

Heavy industry must continue to be readjusted well. The weak links must be overcome. Geological exploration must be strengthened, the debts of the mines must be repayed. Technology must be reformed, techniques that conserve energy must be studied. Comprehensive utilization must be done well. Economic results must be improved. The machinery industry that mainly served heavy industry and basic construction in the past must change to mainly serve technical reform of presently existing enterprises, it must continue to serve the light industry market and the livelihood of the people, and it must also serve the needs for repairs in farm villages and serve exports. Readjustment of some machinery plants and farm machinery plants must emphasize the production of consumer products and products for consumption, clothing and daily use. One is to go into the production of light industrial products. The second is to cooperate with light industrial production and to shoulder the tasks. The third is to reassign individual plants to the light industry departments. Management of small chemical fertilizer plants, small mines, small coal pits must be strengthened to reduce loss. For these enterprises, overall consideration must be given to the question of how can they benefit and push forward the development of industrial and agricultural production. They must not be hastily closed down, terminated, combined or changed simply from the view of reducing loss, thus causing a decline in production. At present, readjustment of heavy industry in our province can be carried out in three ways: The first way is to produce more products which have a market, which we have raw materials for and which we have the capability to produce. For example, nonferrous metals, short assembly line steel products, phosphate rocks, phosphorous products, processed wood products (boards, fiber boards) and mechanical and electrical products that can be shipped to other places outside of the province and exported must be produced in surplus. The second way is to produce products which we have the capability to produce and which we have raw materials for but which have a limited market. Their production is determined by the market. They should be stocked in small quantities or measures can be taken to continue to change towards the production of light industrial products, in particular, the production and supply of materials for production, materials for living and construction materials needed in farm villages must be organized. The third way is to close down, terminate, combine and change unnecessary plants that produce products that do not have any market or products that are high priced but of low quality, plants that have suffered a long period of loss, and enterprises that are difficult to change. But care must be taken in handling these. After investigation

and study, after careful work, all plants that can seek ways themselves to survive should not be hastily closed down. All efforts should be exerted to change or combine plants and avoid closing or terminating plants. The key is to combine plants and change the plants. In readjustment of industry and enterprises we should learn from the experience of Shashi, to solve the problem of hunger and also solve the problem of abundance, following the road of technical reform and joint ventures. After repeated and conscientious balancing, the production value of heavy industry this year will drop 2 percent. The drop is partly caused by decreased demand or inability to ship the products out (such as iron and steel, coal, phosphate rock), partly caused by a low yield (such as some nonferrous metals) due to reduced investment in the mines year after year and a drop in quality, partly because of limited sales and reduced production (such as machinery, farm machinery industry). The plans for the major products call for a production of 422,000 tons of steel, 91,000 tons of nonferrous metals, 10 million tons of raw coal, 5.6 billion kilowatt-hours of electric power, 17,100 tons of rubber, 2.1 million tons of chemical fertilizers, 1.55 million tons of cement, and 10.9 million tons of cargo transported by car. These tasks must all be surpassed.

4. Balance the purchasing power of society and supply of commercial products. Conscientiously solve the conflict between the purchasing power of society and the supply of commercial products is a very important measure to stabilize the economy. This year, as the income of the people in cities and villages increases, the purchasing power of commercial products of society throughout the province continues to increase. Preliminary estimates indicate the purchasing power of commercial products of society throughout the province will increase 2.7 percent over last year. The supply of commercial products of society will increase 6 percent over last year. Although the increase surpasses that of the purchasing power of society, a gap still exists between the supply of commercial products and the purchasing power. To assure that the supply of commercial products is implemented and the conflict between supply and demand in the market is solved, the production and supply of light and industrial products and building materials for civilian use must be increased with all efforts and the following work must be grasped well:

First, procurement and transfer of agricultural and sideline products must be strengthened. Agricultural and sideline products are partly materials for living and partly light industrial raw materials. They are important sources of commercial products that supply the market, satisfy the people's livelihood, and earn currency. Procurement and transfer of agricultural and sideline products must be emphasized and strengthened. Education in patriotism of cadres and commune members in farm villages must be strengthened to assure that the tasks of procurement and transfer to the higher authorities can be completed. Procurement and transfer plans should be issued as official orders according to state regulations. Each locality, prefecture, city and county must make sure that the tasks are completed. The tasks should not be curtailed and they should not be handled independently. Help should be given to the commercial (supply and marketing) departments to procure the surplus over the plans (base number) which is needed by the state on a priority basis. The method of giving special favors and rewards should be handled according to regulations issued by the State Council and the province.

The second is that the exchange of materials between the province and outside units must be done well and sources of merchandise suitable for marketing must be actively organized. All commercial products which are needed in the province, which our province cannot produce and products for which our province cannot satisfy the demands of the society can be brought into the province from outside. Measures to support production and protect competition should be taken. Products of our province which can be produced within the province and which are of the same quality and price as outside products should be purchased first. Purchasers should not go to producers outside of the province to purchase products of different colors, styles, varieties which can be produced within the province and whose supply can be assured.

The third is to continue the work of clearing the inventory and warehouses to supply the market with some commercial products suitable for marketing, supply the needs of the people, attract currency, and reduce floating capital. This year, plans call for mobilizing each region, each department and concerned units to handle 100 million to 150 million yuan worth of productive materials, including 40,000 tons of steel, 50 million yuan worth of machinery and electrical equipment (including farm machinery), and 60 million yuan worth of materials used for living. These have already been established as tasks and issued to the locality, prefecture, city and concerned departments. Leadership should be strengthened and various forms and methods should be used to organize marketing.

The fourth is to increase noncommercial products type income (cultural, health, scientific research activities, tourism and service professions). This year, 30 million to 50 million yuan should be added to the foundation established last year when an increase of 40 million yuan was realized. The management departments of commercial establishments, supply and marketing departments, enterprises of the collective ownership system, commune and brigade enterprises must all conscientiously study and plan and strengthen leadership in such endeavors as building more hotels and barber shops and bath houses, developing civilian transportation, opening up shops for donkeys and horses to rest, increasing the number of showings of dramas and movies, and developing tourism.

The fifth is to use local foreign exchange to introduce some technology and sample machinery, import some medium and high priced commercial products and raw materials of the light and textile industries or assembly parts, increase production of light and textile industries, improve the competitive ability of commercial products, and supply the needs of the market. This year, imported commercial products that can enter the market will be worth between 120 million yuan and 150 million yuan.

The sixth is to further increase city and village savings. At the end of this year, savings in cities and villages should reach 827 million yuan, an increase of 22.1 percent over last year. Savings should be developed through the use of many forms and many channels and by going deeply into offices, factories, streets, farm villages. The mutual funds of offices and factories should be popularized. Small savings rewards can also be given on a trial basis.

After taking the above measures, the general view is that the gap between supply and demand reflected by the purchasing power of society and the supply of commercial products can basically be solved. Through such efforts, credit and loan can also be basically balanced. But great efforts are required in this aspect.

3. Strengthen science, education, culture, health. For a long time, the proportion of the development of our province's science and education and culture and health and our province's economy has been seriously unbalanced. This is an important reason that our province's production level and labor production rate are low. In readjustment, this work must be strengthened from all sides. Arrangement of the plans has already taken into consideration the funding needs to appropriately increase these aspects (including basic construction investment and funds for business). The provincial committee has also decided to appropriate more capital within the next few years for special educational funds, such as for repairing school buildings, adding student desks, buying books and instruments and teaching equipment. Some localities, counties and departments and enterprises should also provide definite capital to develop education. We must gradually change the situation of the imbalance between material construction and intellectual development in our province through readjustment.

The proportional relationship within education must be continually readjusted. We must actively develop vocational and technical education and adult education. This year, vocational schools plan to admit 7,500 students, an increase of 125 percent over last year. Agricultural middle schools and agricultural middle schools with first year high school classes attached will admit 9,300 students, an increase of 2.7 times over last year. Middle vocational schools and technical schools should appropriately increase the number of admissions on the basis of the presently available schools. Ordinary high schools should in principle control development, and key schools should continue to be managed well. Junior middle schools should be readjusted according to plan. The work of popularizing elementary school education and eliminating illiteracy should be grasped well. Every type of school must improve the teaching quality.

This year, the state has asked that universities and colleges admit new students according to last year's standard of admission when there are no graduate students. Concerned departments should arrange the construction of student housing for new students as the key project so that the buildings can be handed over for use before school starts.

Scientific and technological work must contribute towards improvement of agricultural production, development of daily commodities of the people, technical reform and technical progress of presently existing industries and enterprises, and future development of the economy. Joint ventures and cooperation between scientific research units and productive enterprises should be advocated. New products, new achievements and new technology should be popularized through joint production contracts. Definite benefits should be given to scientific research units that have produced outstanding achievements. At present, attention must be paid to arrange research topics that need to be solved urgently in economic construction, for example, energy conservation, popularization of scientific research results in agriculture, improvement of the quality of daily commodities of the people and commercial products for

export, and strengthening the competitive ability of products. This year's scientific research plans preliminarily include 67 projects. Of these, 35 are agricultural projects and projects to support agriculture, or 46 percent, and 21 are key scientific research projects controlled by the province.

Efforts must be made to continually grasp planned parenthood work well. Profound and careful ideological and political work must be done well. The broad masses of young people must be educated to marry late and to bear children late. The idea that one married couple should have only one child should be advocated in a big way, the policy to encourage one child families should be conscientiously implemented to further control population growth.

Environmental protection must be strengthened, treatment of the "three wastes" must be continually grasped well, and pollution must be reduced in a big way.

Cultural, health, broadcasting, journalism and publishing businesses should also develop correspondingly.

6. Economic and cultural buildup of the border national minority regions should be hastened. To lessen the gap, coordinate development, and strengthen border defense, the economic and cultural businesses of the border national minority regions must continue to develop, and national defense construction and economic construction of border regions must be grasped well.

This year, the capital for developing undeveloped regions subsidized by the state has remained at last year's level. Other types of special funds have decreased a lot from last year. Utilization of these funds must be conscientiously grasped well. Responsible cadres must be assigned to manage work in this respect, planning must be conscientiously done well so that these funds can bring their benefits in time. The developmental funds subsidized by the state for undeveloped regions should still be used in key ways to change the basic conditions of agricultural production, measures should be suited to local circumstances to develop agriculture, forestry, livestock production, sideline production and fishery, and the superiority of economic crops, economic forests and timber and livestock production in these regions should be developed. The traffic situation must continue to be improved. Commune and brigade enterprises must be helped, and the development in culture, education and health must be hastened. Other special funds must be rationally arranged and utilized based on benefiting the development of production in the border national minority regions, improving the people's livelihood and strengthening border defense. Wastefulness and misappropriation are strictly forbidden.

7. Stabilize prices and arrange the life of the people well. Stabilizing prices is an important aspect to improve people's lives at present. While cutting investment in basic construction, reducing expenditures, controlling circulation of currency, strictly managing finances on a cash basis, and increasing commercial products on the market, we must conscientiously implement the notice of the State Council and the provincial people's government concerning strict control of prices and reorganize negotiated prices, and actually strengthen price management and maintain price stability in the market. The

method of joint supervision by specialized teams and by the masses must be used so that price checks and reorganization of prices are frequent and systematic. The key to stabilizing prices is to grasp well the work in the following four aspects: The first is to strictly control the selling prices of commercial products of state operated and collective industrial and commercial enterprises, to prevent them from leading price hikes, from disguising price hikes and from negotiating prices according to their wish. The second is to maintain the stability of the prices of over 70 percent of the basic daily consumer products used by the people. The third is to make some necessary and feasible readjustments of prices after approval by the state. Prices of productive materials can still be negotiated. The prices of long assembly line products can be floated downward. The fourth is that all sides must coordinate with each other closely to attack the illegal activities of opportunism and seeking windfall profits and control the market well.

On the basis of developing production, we must conscientiously arrange the people's life well. We must continue to settle unemployed people in the cities and towns. This year, the number of unemployed persons needing placement will reach 180,000. Plans call for placement of 140,000, and of these, the collective economy and individual economies will strive to place 70,000. We must continue to implement the policy established by the Central Committee to "combine placement by labor departments, employment by voluntary organization and self-employment under the unified plans and guidance of the state" so that the collective economy can be supported and developed in a big way, individual economies can be actively revived and appropriately developed, service professions and handicraft industries can be developed in a big way to serve as the main method of employing people. We must advocate and support the masses to voluntarily organize employment in a big way, and in particular, each department and each unit must actively organize unemployed young people of their own units to develop production and services of the collective ownership system, and fully develop the function of labor service companies to employ people on all sides. Each level of government must provide appropriate care in policy, in materials and financially to create conditions for the employment of unemployed young people.

Housing construction for workers and construction of houses in farm villages must continue to be arranged well. Housing construction for workers this year will strive to maintain last year's level. The planning and guidance of housing construction for commune members in farm villages must be strengthened. Good fields and cultivated land must not be utilized. Where the conditions are good, mixed structures should be gradually popularized to save timber and to stop unruly felling and cutting. Concerned departments of the province must do the work in supplying such farm village building materials as steel members and cement well.

In general, the emphasis of our economic development is on gradually improving the material and cultural life of the people. Much effort was already made in this regard 2 years ago, and in the future, such efforts will continue.

Since the beginning of this year, our province's broad masses and cadres have propagated and learned the spirit of the working conference of the Central

Committee, further implemented the policy of readjustment of the economy, conscientiously grasped the various readjustment tasks, exerted efforts to hasten the development of agricultural production and production of light industry, controlled the scale of basic construction, increased income and reduced expenditure, activated the markets in the cities and villages, earned currency, stabilized prices, and obtained preliminary results. The good situation has developed further.

In agriculture, because of the continued implementation of various economic policies in farm villages, strengthening and perfecting the agricultural production responsibility system, further improvement of the enthusiasm of the broad masses of cadres and commune members in farm villages towards production, this year's winter crop production and preparation for planting crops sown in spring and harvested in fall have been done more concretely. Although some regions suffered from drought, in most regions, the temperature is high, rainfall is abundant, and it is estimated that the yields of winter food grains and bean crops will register a slight increase over last year, and the yield of rape will increase even more. The progress of planting dryland crops sown in spring and harvested in fall has been faster than that during the same period last year by 250,000 mu. The quality of sowing is good, the quality of the fertilizer is high, cultivation of seedlings under thin plastic sheets has increased. While grasping food grain production, each locality is actively developing economic crops. According to preliminary understanding, the area of peanuts has increased 11,000 mu over the same period last year, the area of sugar cane has increased 22,000 mu over the same period last year, the area of cultivation of seedlings of flue cured tobacco has increased more than 8,000 mu over the same period last year. Now, each level of leadership throughout the province, the broad masses of commune members and cadres are actively organizing spring planting and production and are exerting efforts to seize another year of bumper harvests in agriculture.

In industrial production, each region and each industrial department are actively carrying out readjustment of industry, grasping tightly surveys and studies of closing, terminating, combining and redirecting enterprises, drafting plans, and reorganizing and forming joint ventures of enterprises, developing superiority, reorienting products, launching activities to learn from Shanghai and such advanced regions, taking various measures, and exerting efforts to push production forward. Although the total production value of industry during the first quarter of this year has dropped 1 percent from the same period last year, the average daily production value shows a slight increase over that of the same period last year. The production value of industry in March reached 568 million yuan, the best month in history. Light and textile industries have paid attention to increasing products that are suitable for marketing and that satisfy the needs. The production value of the first quarter of this year showed an increase of 7 percent over the same period last year. The proportion of light and heavy industries has continued to develop and change towards better coordination. The ratio has changed from 46 vs 54 percent during the same period last year to 50.3 vs 49.7 percent. Daily consumer products needed by the people and medium and small farm equipment needed in farm villages have all increased by varying degrees. In particular, medium and high priced durable consumer goods such as television

nets, tape recorders, sewing machines, bicycles, wristwatches have increased on a large scale. Superior products such as tobacco, sugar, nonferrous metals, phosphate rocks have also increased greatly.

In basic construction, each region and each department are carrying out construction according to the controlling indicators for investment issued by the higher authorities. Progress of construction has been hastened, the quality of construction has improved, and construction costs have decreased. Forces are being organized to close out construction projects that have been terminated or postponed by decision. The proportion of completion of investment in nonproductive construction has increased. The progress of housing construction has been hastened, and the area of completion has increased 52 percent over the same period last year.

The market is active, prices are stable, the people's life is stable. The total value of procured agricultural and sideline products during the first quarter of this year increased 6.5 percent over the same period last year. The amount of retail sales of commercial products of society increased 7.2 percent over the same period last year. The amount of retail sales of consumer products increased 9.7 percent over the same period last year. Financial income surpassed expenditures by 34 million yuan while during the same period last year, expenditures were greater than income by 14 million yuan. The state has demanded that during the first half of the year, 20 million yuan of currency should be retrieved. Up to the end of March, 17.91 million yuan in currency have already been retrieved while during the same period last year, a net amount of 31.35 million yuan in currency was issued. The amount of currency in circulation in the market is less than that at the beginning of this year by 50 million yuan.

The economic situation of the first quarter shows our readjustment work this year already has a good start, and our confidence has increased. But we must not be careless. We must continue to implement the guidelines and the various policies concerning readjustment issued by the Central Committee, continue to discover and solve new problems that emerge in readjustment and exert efforts to realize this year's readjustment tasks.

III. Several Important Tasks That Must Be Done Well

The current national economic readjustment is a fundamental change in the policy of our nation's economic construction. To assure that our province's readjustment work is carried out smoothly, we must conscientiously do well the following important tasks:

1. Study the documents of the Central Committee well, unify understanding of readjustment. Readjustment of the national economy is a major event concerning the whole situation. It directly affects the work of each region, each department and each unit. It involves the production and life of the people and masses. There will surely be many actual problems and ideological problems. The spirit of the working conference of the Central Committee is the ideological weapon that guides us forward in doing well economic readjustment and in strengthening stability and unity. Learning must be conscientiously organized

well so that cadres of all levels throughout the province can self-consciously implement the directive of the party Central Committee.

In learning, there must be an overall estimate of the economic trend. The importance and urgency of the current readjustment must be fully recognized and the self-awareness of implementing the policy of readjustment must be increased. We must recognize that the current readjustment is an active policy. Because economic development is not balanced, in readjustment, we must demand that long assembly line production be pulled back and short assembly line production be pushed forward. Basic construction must be sufficiently curtailed. Some enterprises must be closed down, terminated, combined and redirected. Administrative costs and business costs must be reduced. Productive construction, administrative facilities, improvement of the people's lives must be carried out according to our capabilities. Other aspects, such as agriculture, light industry, energy, transportation, education, science, culture, health and welfare necessary to people's lives must continue to develop. The implementation of the readjustment policy must be flexible and going backwards is to advance better. We must never have any negative understanding that will cause fear. We must be inspired in spirit, work concretely to overcome the difficulties and to carry out readjustment well.

In learning, we must keep in close contact with the actual situation of our own department, our own region, our own unit, conscientiously summarize the positive and negative experience and lessons, further eliminate the "leftist" ideological influence in economic work. For many years, we have not sought truth from facts in economic construction, nor started out from our own actual situation. We wanted quick results, and frequently, we compared ourselves to the key provinces and regions in the nation that have a strong economic foundation and have large investments in basic construction. The more we compared, the more anxious we became. We wanted to "catch up" and the result was that we could not achieve our goals because of our haste. The lesson in this regard is profound. We must correct the guiding ideology in economic construction, insist on starting out from the actual situation in our province, measure our own capabilities, progress in stride, and emphasize actual results. Only in this way can we readjust the economy well, and purify our ideology and establish a good ideological foundation for stable future progress.

2. Strengthen centralization and unification. To readjust well, we must strengthen centralization and unification. The leading comrades of the Central Committee pointed out that in solving difficulties throughout history, power must be centralized, not divided. The final stronghold is centralization and unification under the party Central Committee. The current readjustment is a difficult and complex task, the work is difficult, and some unexpected problems may emerge. Readjustment cannot be carried out smoothly without insisting on a high degree of centralization and unification, without a unified plan, a unified command and unified action. That which should be curtailed cannot be curtailed, that which should be pushed forward cannot be pushed forward.

Strengthening centralization and unification means to strictly obey the unified command of the Central Committee concerning major readjustment measures that

affect the entire situation until the order has been revoked. The State Council has already issued notices concerning which aspects must be centralized and unified. The provincial people's government has already proposed actual methods of implementation. Here, we want to emphasize the following:

(1) The guidelines and policies determined by the Central Committee, especially the effective guidelines, policies and important measures since the Third Plenum must be implemented without a second thought and they must not be overtly agreed to and covertly opposed.

(2) All channels of funds to be used for basic construction must be placed under unified management. The authority of approval of basic construction is centralized in the hands of the Central Committee and the province. The total scale, direction of investment, determination of the large and medium sized projects in basic construction throughout the province must all be reviewed and approved by the State Council. The basic construction, investment direction and determination of projects of the localities, counties and provincial level departments must be under unified arrangement by the provincial planning committee and the construction committee and reviewed and approved by the provincial people's government. Violation of regulations, engaging in any project without approval and going over the construction scale without approval will be investigated.

(3) Transfer and shipping plans for material and procurement plans for agricultural and sideline products must be complete. In particular, the seven products of flue cured tobacco, sugar, tea, rubber, tin, timber, tung oil must be subjected to unified management by the province to insure that the task of submitting such goods to the Central Committee and the needs of the key factories in the province are satisfied. Tobacco and wine are subjected to monopoly sale by the province and they are not allowed to be sold privately.

(4) The financial and tax system and financial and economic discipline must be strictly followed. Important financial measures must be executed. Profits to be submitted to the higher authorities must not be privately retained. Taxes must not be reduced or cut without proper authorization.

(5) The "notice concerning strict control of prices and reorganization of negotiated prices" issued by the State Council must be strictly executed. It must not be violated by any locality, department or enterprise.

(6) The "regulations concerning correct implementation of rewards systems and prohibition of uncontrolled awards" issued by the State Council must be executed. The issuance of monetary rewards must be strictly controlled and prohibition of uncontrolled awards must be insisted upon. Monetary rewards are given to encourage surplus labor and surplus contributions, equalitarianism must not be practiced.

(7) The "decision concerning several problems in protecting forests and developing forestry" issued by the party Central Committee and the State Council must be conscientiously implemented. Unruly felling and cutting must be prohibited.

Felling must be strictly controlled, presently existing forests must be truly protected, and forestation and cultivation of forests must be launched in a big way. We must also protect the resources of the mines, uncontrolled digging and exploitation that destroy resources must be strictly prohibited.

Each region, department and enterprise and business unit must strengthen the concept of the overall situation and consciously obey the centralized and unified leadership of the Central Committee. Arrangement of work and handling problems must start out from the benefit of the overall situation, and each unit must take the initiative to share the difficulties of the state. Some things are seen as very important from a local viewpoint but are not feasible when viewing the overall situation. Local benefits must follow behind benefits of the overall situation and projects that bring only local benefits should not be carried out or they can be temporarily postponed.

Centralization and unification must be emphasized. We must not return to the old ways of controlling everything without leeway. We must continue to develop the enthusiasm and initiative of the localities and the enterprises while strengthening the guidance of macroeconomic plans and necessary administrative interference. Dynamic activities must be made dynamic.

3. Exert efforts to improve economic results. Seeking economic results is a very important principle in our efforts to carry out all economic work. After 30 years of construction, we now have a definite economic foundation, the potential of each sector has not been fully developed. In future economic work, each sector must calculate carefully, exert efforts to dig for potential, realize increased yields and exercise conservation, and create more social wealth. During the period of readjustment of the national economy, investment in basic construction has been decreased, various expenditures have been reduced, thus for production to continue to develop, and for the economy to grow steadily, seeking economic results has an even more important meaning.

During the period of readjustment, economic development must be established on the basis of the presently existing enterprises. First, we must be determined to reorganize the presently existing enterprises well. The various basic work of the enterprises must be done well. The responsibility system must be made sound. Quality control must be strengthened, the economic accounting system must be made sound to establish normal productive order and strict labor discipline. Market survey and economic forecasting must be done well, marketing work must be strengthened. In particular, on the job training for workers must be done well. Industrial and transportation enterprises and economic management departments must all assign people dedicated to taking care of this work. Training plans must be drawn up and routine inspection and examination must be carried out. Extra personnel of enterprises that have been closed down or terminated and of enterprises that do not have sufficient production tasks should be given training and opportunities to learn, workers must be given periodic training to learn politics, culture, techniques, management. This is a way to improve reorganization of enterprises and also an investment in intellectual power. We must realize visible improvements in the business management and technical level of our province's enterprises. Second, reorganization and joint ventures of

presently existing enterprises should be done well around the production of products that are suitable for marketing and that satisfy the needs. The alliance between processing factories and raw materials bases must be actively organized well. Organization of heavy industry, especially machinery industry, must be continually grasped well so that it can be redirected towards providing service for the light industry, the market, agriculture and exports to earn foreign exchange. Attention must be paid to developing superiority, develop products that have "punch," which we have raw materials for and which have a market. Mining and forestry enterprises must pay attention to readjusting the proportional relationship among digging, exploitation and cultivation. Simple reproduction must be done well and sustained. Also, the presently existing enterprises must be technically reformed according to plan and step by step on the basis of reorganization and joint ventures. In technical reforms, attention must be paid to conservation of energy, improvement of quality, reduction of costs, and improvement of the competitive ability of the enterprises.

In developing agricultural production, efforts must be exerted to do well scientific planting and improve economic results while implementing policy and mobilizing the enthusiasm of the farmers.

4. Reforms of the economic system beneficial to economic readjustment must be continued. Since the Third Plenum, our province has carried out some preliminary reforms of the economic system. Practice proves the direction of the reforms is correct, the results are good, and they have served actively to enliven the economy and improve economic gain. If we did not carry out the reforms during the previous period, our difficulties today will be even greater. If we do not carry out reforms in the future, we will not be able to improve the level of business management and economic results from the bottom. Therefore, the direction of the reforms must not sway, readjustment and reforms cannot be separated. But, during the period of readjustment, reforms must obey readjustment and they must be beneficial to readjustment. Some reforms which do not possess the proper condition during the period of readjustment can be slowed. Some reforms that cannot be separated from readjustment must be hastened. Effective reform measures of the previous period must be continually insisted upon, and the results of reform must be firmly established and developed. This year's economic reforms must continue to grasp well the following aspects of work: the autonomy in production and management of the farm village communes and brigades guided by state plans must be assured, the production responsibility system must be continually strengthened and perfected, the 195 industrial and transportation enterprises and the 891 commercial enterprises that are test points for expansion of autonomy should be continually done well to conscientiously summarize experience so that they may continually be perfected and improved. Common enterprises should continue to implement the enterprise fund system or the financial payment system partly in cash. The few enterprises that have already established test points to "use taxes to replace profits, independent accounting, bearing one's own loss and profit" and test points of reforming the internal leadership system of the enterprise must continue to do this work well. Regulation of the market under the guidance of state plans must be continually developed. Reorganization and joint ventures in industry must be continually pushed forward. Specialized

cooperation must be developed, production of consumer products that are suitable for marketing and that satisfy the needs must be developed, reformation of the area of product flow must be continually done well, intermediary links should be decreased and channels for the flow of products must be increased.

To assure that economic readjustment progresses smoothly, we must also realize political stability further. Continued fortification and development of the present stable and unified political situation are fundamental benefits of each national minority throughout the province. Propaganda and education in socialism and patriotism must be strengthened, the movement to teach good manners and behavior must be launched profoundly and widely to revive good social manners. The four basic principles must be insisted upon to correctly handle the problem of class struggle which still exists within a definite scope, we must strengthen socialist democracy and socialist legal rule, we must be determined to attack those elements that are enemies of socialism and criminal activities that destroy socialist economic construction and damage social order so that the work of economic readjustment will progress without interference.

To assure the smooth progress of economic readjustment, we must also handle the relationship between politics and economy well, greatly strengthen ideological and political work, arouse the revolutionary spirit of the broad masses of workers, farmers, intellectuals to work hard to make the nation strong, to increase the sense of being the master, to develop a high degree of enthusiasm and initiative, and to exert efforts in production and perform one's duties well at each one's post. As long as we arouse the revolutionary spirit, unite together and rely closely upon the broad masses, concretely do each job well, we will surely be able to win the major victory of economic readjustment, and steadily push forward our province's socialist modernization.

9296

CSO: 4006/334

ENERGY

CAPITAL CONSTRUCTION ENGINEERS CONSTRUCT COAL MINES IN XIQU

Taiyuan SHANXI RIBAO in Chinese 13 Apr 81, p 2

[Article by Long Peiyuan [7893 3099 0061], Li Taixuan [2621 1132 6513] and Ye Puliang [5509 2528 0081]: "Capital Construction Engineering Unit Constructs Coal Mine in Xiqu"]

[Text] Assigned with the task of constructing the Xiqu Coal Mine in Gujiao Mining District, the officers and men of a [PLA] capital construction engineering unit displayed the revolutionary spirit of struggling arduously to overcome numerous hardships, thus making remarkable contributions towards building a top-quality mine at high speed in Xiqu through intensive construction work. Since early 1979 when the construction began, they have been surpassing the quotas in the state's construction plan year after year while constantly upgrading the engineering quality and reducing the engineering cost every year. Now, the total tunneling footage has reached over 12,300 meters, and some 30,000 square meters of surface buildings have been completed. Fifty-eight percent of the projected footage for the mine's chief tunnels are completed.

It was in May 1978 when the capital construction engineering unit was first assigned to the task of building the Xiqu Coal Mine. At that time, there were no conditions for construction work to speak of, and the men were confronted by numerous difficulties. The army unit Party committee called on the officers and men to learn from the excellent traditions of the people of the Luliangshan District Revolutionary Base who had striven arduously to overcome hardships and surmount difficulties. The broad ranks of officers and men took pride in working under hard conditions; they took delight in tough assignments. As there were no barracks, they set up temporary tents and camped at the worksite. There were no kitchens either, so they dug fire pits and ate in the open air. As there was no water in the mountain area, they had to fetch water with shoulder poles or basins. The construction finally got underway seven months ahead of time. The Eighth Company pitched camp in Langwegou deep in the mountain gullies where daylight lasted only 9 hours each day and the mountain stream became frozen during the 12th lunar month in the winter cold. Even in May, when flowers usually blossomed in the spring warmth, the rock-hard ice still did not completely melt. The officers and men had to get food grain from a county some 10 li away and carry it on their backs. For water, they had to scrape the ice at the bottom of the gullies. In spite of the hard conditions, they surmounted many difficulties

and continuously overfulfilled the tunneling footage quotas. In 1979, they received commendation from their superiors. Last year, they became a national rank coal mining team. The officers and men also displayed the revolutionary spirit of fearing neither hardship or death in their combat against nature deep under the ground surface; they fought unyieldingly against cave-ins and waterfloods. Over the past two-odd years, 112 cadres and soldiers in this unit have received Third Class Meritous Awards, and there have been 3,969 awards received from the superiors. In the course of construction work, the leading cadres of this unit set an example for others in leading the way in hard work. Out of the seven standing members of the unit Party Committee, four have stayed in companies and squads to gain firsthand experience for a long period of time, helping the grassroot units to solve their problems. With the exception of one officer who had to stay on duty in the battalion headquarters, all the leading cadres of the battalion went to the first line to conduct investigation and study. The company cadres persisted in working together with the squads and thus played the dual role of commander and rank-and-file combatant, which helped to greatly accelerate work progress. Last year, the total tunneling footage achieved by this unit amounted to 8,055 meters, which was more than 3 times over 1979; the engineering quality rate reached 100 percent, and the rate of excellence was 66 percent. Out of the entire unit's ten excavating companies, six were awarded as national-rank coal mining units, including three companies which won the National Class A Excavating Unit Awards for tunneling 1,677 meters in one year, ranking among the first in the entire province's coal excavating units.

The Xiqu Coal Mine is a modernized mining pit designed and constructed by China on its own. It has high technical requirements and it is very difficult to construct. Departing from the practical needs, the unit's Party Committee organized technical courses at regular intervals and provided the cadres and soldiers with all kinds of training classes dealing with various specialized subjects. Over the past two years, this unit has managed to train a technical core force comprising more than 1,280 personnels who expertise in various kinds of specialities. Fifty-five cadres and soldiers have been named "technical experts," "technical innovation experts," "management experts." A technical proficiency assessment conducted at the end of last year showed that the downhole construction personnels of the entire unit had reached the level of Grade 5 Workers. In the course of construction, the unit also attached great importance to the popularization and adoption of advanced technologies and advanced techniques, i.e., "laser orientation," "smooth blasting," "rock-bolt/shotcrete support," "millisecond detonator," "jumbo-size rake-funnel rock loader." The preceding five advanced techniques have brought about remarkable increases in work efficiency and continuous cost reductions."

9119

CSO: 4006/303

ENERGY

NEW ENERGY SOURCES DEVELOPED IN RURAL JIANGSU

Beijing RENMIN RIBAO in Chinese 20 Apr 81 p 1

[Article by Cai Mingzhao [5591 0682 3564], staff reporter: "New Energy Sources in Rural Jiangsu"]

[Text] Today, marsh gas energy, solar energy, wind energy are playing an increasingly remarkable role as new energy sources in certain rural parts of Jiangsu Province. The new energy sources are used by commune members for cooking, boiling water and lighting in their homes, and also by production teams for threshing, flour grinding, irrigation, etc. In the words of the happy peasants: "We aren't afraid of running into shortage of straws [used for fuel] or electricity anymore."

To remedy the rural energy shortage, many prefectures began to stress the development of new energy sources in 1974. But after a period of meetings and issuing studying materials, there were still no signs of progress. Some places just could not get things rolling inspite of their desire to get started. Some places managed to get started but lacked knowledge of how to use the new energy sources, or simply failed to keep up usage. In view of the situation, the leading comrades of some areas began to realize that it was impossible to rely on empty slogans to make use of new energy sources and change the peasants' life habits which had been in their traditions for thousands of years. It was imperative to find down-to-earth solutions to the specific problems of popularization.

Wujin County is one of the early counties which began to popularize marsh gas in Jiangsu. At first, the commune members referred to methane gas as "zhao qi" [get angry] as many methane gas generating pits were rendered useless as the result of gas leakage problems which the masses did not know how to repair. When the county-level authorities discovered this problem, they organized technical know-how sessions for the bricklayers of all the communes who were the original builders of the pits, and thus trained them into a contingent specializing in methane gas pit maintenance and management. Now, each production brigade has its own methane gas technicians, and most of the communes have marsh gas service stations specializing in troubleshooting all kinds of technical problems encountered by the marsh gas users. Now, 70 percent of the farming population have constructed methane gas generating pits, and 96 percent of the pits are providing normal service.

There are quite a few districts in Jiangsu which are adopting economic measures to encourage the masses to utilize the new energy sources. For example, the supplying of all materials for the construction of methane gas pits and solar heat stoves are guaranteed by concerned departments in the county. In Hai'an, Rugao, Wujin and Donghai Counties, the commune members involved in the construction of marsh gas pits and solar heat stores are compensated either by work points or cash. Commune members who use solar heat stoves are given additional plots of land measuring 1 square zhang [approximately 11.11 square meters] to be used as the sites of the solar stoves. These measures have helped to arouse enthusiasm among the commune members in using new sources of energy. Last year, new provisions were made by concerned departments in Rugao County allowing anyone who was interested in purchasing or using solar heat stoves to receive subsidies. As a result, the number of solar stove users reached over 350 families in less than a year.

The provincial government is also paying especial attention to aiding financially-weak districts which want to develop new sources of energy but cannot afford to, thus enabling them to quickly overcome energy shortage problems and promote their own economic growth. In Hai'an County, there were 11 communes in sandy highland areas which had suffered from slow economic growth due to poor soil texture conditions. The commune members thus had a very difficult time finding straws for fuel: Last year, the provincial government summoned a special meeting to study the problem of helping this district to develop new energy sources. It also extended credit loans of over 600,000 Yuan RMB, and allocated several thousand tons of cement and chemical fertilizers. The county's concerned department also transferred a fairly strong technical force to the area to help train the local technical core and afford technical guidance. Last year, 10,000 methane gas pits and a number of solar heat stoves were set up in the area within the span of one year. Moreover, it took two communes one year to popularize marsh gas.

9119

CSO: 4006/303

ENERGY

SHANXI PROVINCE STRIVES TO BOOST COAL PRODUCTION

Yangquan Mining Bureau Overfulfills Quota

Taiyuan SHANXI RIBAO in Chinese 1 May 81 p 1

[Article by Li Yansheng (2621 3601 3932): "Yangquan Mining Bureau Overfulfills Coal Quota by 330,000 Tons"]

[Text] Party organizations of the Yangquan Mining Bureau led the staff and workers in conscientiously learning the spirit of the Party Central Committee Work Conference, actively engaged in readjustment and strived to increase coal production. Since the beginning of the year, this bureau has completed the national production plan ahead of schedule every month and overfulfilled the coal quota by 330,000 tons in the first quarter.

Since the beginning of 1981, Yangquan Mining Bureau took a practical approach to implement safety engineering, completion of unfinished tunnels, and took the five weak links of water, electricity, ventilation, transportation and selection as the main points for readjustment. They planned procedures, established regulations, put construction teams, capital resource and material supply on a solid basis and achieved good results. Up to now the bureau has completed four out of the 10 major readjustment engineering projects planned last year, 11 safety engineering projects, 10,618 meters of supplementary and remedial tunnels and alleviated the change-hand problem in four mining zones. The safety conditions at the four mines under the Yangquan Mining Bureau have already had noticeable improvements. In the first quarter of 1981, the number of deaths decreased by 44.4 percent as compared to the same period last year, and the death rate per million tons of coal has reached the lowest level in history.

Concurrent with readjustment efforts, the Yangquan Bureau paid great attention to the mechanization of coal mining, further strengthened the leadership for general mining and perfected the on-site management system at the working surface. In the first quarter of 1981, the number of general mining coal surfaces in the bureau was 3.63 more than that of the same period last year. The production per coal surface was 41,016 tons, an increase of 5,573 tons from the level of the same period in 1980. The general mining operation has been 49.75 percent mechanized, that is 22.47 percent higher as compared to the first quarter in 1980. In order to improve the unit production level of pu pao cai [2528 3517 6846] in the bureau, they have also organized seven pu pao cai teams and carried out regular circulating operation tests, consolidated the labor organization, strengthened the fixed-amount and

fixed-personnel management and continuously upgraded the production level of these teams. For the extraction team No 1 at Beizhangba of Mine No 1, their regular circulation rate in the first quarter has reached 100 percent and overfulfilled the quota by 13,037 tons.

Province Overfulfills Quota in April

Taiyuan SHANXI RIBAO in Chinese 5 May 81 p 1

[Article by Ji Zhongshi (0370 0022 2514) and Wang Juxiu (3769 1565 4423): "Shanxi Coal Mines and Taiyuan Railroad Overfulfill Quota in April"]

[Text] The total coal production in Shanxi Province in April was 9,693,800 tons, overfulfilling the national plan quota by some 410,000 tons, out of which 100,000 tons are due to uniform-administered mines and 300,000 tons are due to local mines.

In order to increase production and income and reduce expenses, the Shanxi Provincial Coal Management Bureau organized 11 work teams in April and went deep into the basic level to explore, study and help solve problems. Various mining bureaus also sent out work teams to less progressive mines and teams to provide concrete assistance in order to improve the situation and promote coal production development as quickly as possible. At Xishan Mining Bureau, production and conservation activities were closely tied in with carrying out the spirit of the Party Central Committee Work Conference, the connection between production and readjustment was properly handled and, on the basis of an overfulfilled quota in the first quarter by 100,000 tons, the quota in April was again overfulfilled by 24,000 tons. At Yangquan Mining Bureau, they strengthened their ideological and political work, developed their education on the four basic principles and stimulated the take-charge and fighting spirit of the vast employees and workers. In April, the Yangquan Mining Bureau overfulfilled the quota by 67,000 tons. All the local coal mines in the province, while consolidating their safety measures, worked hard to increase the mechanization in extracting coal and the recovery rate of resources. They have all contributed to the completion of the April coal production plan in Shanxi.

After completing their transportation assignments of the first quarter, all the employees and worker at the Taiyuan Railroad worked hard to develop transportation potentials and again obtained good results in April. As of the end of April, they have delivered a total of 3.68 million tons of cargo, or, 108 percent of the April quota. Out of the total volume transported, they have hauled 2.419 million tons of coal, which is equal to 103.1 percent of the monthly quota. They have reached all the major economic targets. The departure and running on-time rates of passenger and cargo trains have reached 96 percent and 94 percent respectively. In the month of April, the quota was overfulfilled by a total of 250,000 tons.

Dispute Over Resources Resolved

Taiyuan SHANXI RIBAO in Chinese 12 May 81 p 2

[Article by Jia Junshan (6328 3182 1472) and Wang Zhu (3769 2691): "Datong City Resolves Dispute Between Large and Small Mines Over Resources"]

[Text] In building a coal energy resource base, Datong City actively consolidated local coal mines and conscientiously resolved the dispute between small mines and

state-operated large mines. State-operated large mines and small mines are led to assist each other and together to increase the coal production of the nation.

The coal industry in Datong has had rapid growth in recent years. For 3 consecutive years, the average annual growth rate of coal production in Datong was 7.6 percent and the production of local mines and small mines in communes and teams averaged 20 percent a year. However, many problems are also revealed in the development of the coal industry. The boundaries between state-operated mines and some local coal mines and commune and team operated small mines are not clearly drawn. Disputes over resources have affected the normal operation and safe production of state-operated large mines. To solve this problem, the Datong CCP Municipal People's Council and the municipal people's government thoroughly consolidated the local coal mines and rationally resolved the layout of large and small mines. The boundary disputes between the seven city-operated mines and the state-operated large mines have now been resolved satisfactorily. The municipal people's government also made it clear that henceforth the construction of local mines should keep the overall situation in mind and avoid resource disputes with state-operated large mines wherever possible. We should be determined to shut down those small coal pits in communes and teams that do not have the minimum conditions for safe production, that are damaging and fighting for resources with state-operated large mines. So far 36 commune-and team-operated small coal pits have been shut down. The municipal people's government also reiterated that in the future no units are allowed to construct small coal pits privately; new construction of small coal mines must have the authorization of relevant units and follow the mining procedures. In the meantime, the remaining small coal pits operated by communes and teams should be organized under joint operation to improve production and safety conditions. Today the 73 small mines in communes and teams have mostly achieved joint operation.

In the consolidation of local mines, the Datong CCP Municipal People's Council and the municipal people's government have also led the small mines to respect the large mines, the large mines to help the small mines, and improved the close relation between state-operated large mines and locally operated small mines. The Guanyao, Laoyaogou, Shuangjinggou and Heiliushui mines jointly operated by the Yaeryai commune in Datong City are praised by the large mines because they have actively protected the interests of the large mines, organized sensible mining operation, and did not fight with the large mines for resources and did not cause difficulty to the large mines. The state-operated large mines nearby have also involved themselves with these mines on their own initiative, regularly helped them carry out safety inspections, technical training of key members, solving some urgently needed technical equipment problems and gradually improved the production technology and conditions at these small mines and continuously increased coal production.

9698

CSO: 4006/341

ENERGY

SHANDONG EXCEEDS COAL, OIL PRODUCTION QUOTES

Coal Production

Jinan DAZHONG RIBAO in Chinese 2 Apr 81 p 1

[Article by Meng Guangming [1322 0342 2494]]

[Text] Shandong Province has overfulfilled the first quarter production plan on the coal industrial front. The raw coal output has exceeded the quota by 120,000 tons and the washed coal output has exceeded the quota by 110,000 tons; the tunneling footage is over 4,900 meters; and further improvements have also been made in safety conditions with casualty figures down by 34.8 percent as compared against the previous year.

Since the beginning of this year, the coal mining cadres, staff and workers throughout the entire province have been making serious efforts to study and adhere to the spirit of the Central and Provincial Committee Working Conference. In accordance with the status of the coal industry which is experiencing a period of adjustment, and in spite of the heavy responsibilities brought on to them by the internal adjustments in coal mining, they have been energetically overcoming difficulties, keeping up production during New Year and Spring Festival holidays, and striving to fulfill the production plan. The mining bureaus of Xinwen, Zibo and Zaozhuang have managed to keep production relatively stable, and overfulfilled each month's quota. Among the 12 mines under the Xinwen Mining Bureau, 11 are noted for setting new records in safety production. Due to severe changes in natural conditions in January and February, the Feicheng Mining bureau incurred a shortfall in output amounting to over 30,000 tons. In March, the staff and workers of the whole bureau took advantage of the improved conditions and launched an extensive campaign to meet target quotas and upgrade the production levels of excavation teams which conducted inspections and brief summarizations every 10 days in fulfilling their tasks, the March output exceeded the quota by over 40,000 tons, thus making up for the shortfall with a single stroke. They also succeeded in surpassing the quota for the entire quarter by more than 9,900 tons. In an effort to make more contributions, the Linyi Mining Bureau took the initiative in drawing up their own plans to increase production by 10,000 tons; the staff and workers of the entire bureau put their shoulders to the wheel and overfulfilled the task to increase production.

In organizing the first-quarter coal production, all the bureaus and mines attached great importance to work safety. Besides stepping up safety educational programs for staff and workers, safety inspection teams were extensively organized to conduct persistent and frequent inspections and alterations; quite a few organizations also organized extensive inspections during the spring season, thus eliminating many hidden dangers.

Oil Production

Jinan DAZHONG RIBAO in Chinese 2 Apr 81 p 1

[Article by Qu Yansen [2575 5888 2773]]

[Text] The broad ranks of cadres, staff and workers of Shengli Oilfield are earnestly studying the spirit of the Central Working Conference, continuously eradicating 'leftist' ideological influences. With redoubled vigor and determination to do their work well, they have been striving to develop the excellent situation prevailing in the oilfield. In the first quarter, they exceeded the crude quotas for each day, thus achieving the best record over the past year towards fulfilling the production plan. New results have been achieved in prospecting, and all the major targets in production and construction have been achieved according to plan.

During the first quarter of the current year, the leading cadres and office staff at all levels throughout the oilfield went deep into the grassroots to conduction investigation and study in a down-to-earth effort to solve the practical problems of production. The staff and workers at all fronts are coordinating very closely with one another and concentrating their efforts on petroleum exploration, modification of old oilfields, oilfield water injection and downhole operations, thus ensuring the fulfillment of all production tasks. Crude production exceeded the quota by 20,640 tons, the industrial output and supply of natural gas exceeded their quotas by 8.2 percent and 2.5 percent respectively. The oilfield water flooding plan was overfulfilled by 2.7 percent, the drill footage plan was completed seven days in advance. The quotas for oilfield capital construction and equipment assembling work were exceeded by 44.8 percent. Quick and good results were achieved in prospecting work. There were continuous discoveries of industrial oil flows or excellent oil and gas indications in some regions. The oil-bearing areas of Liangjialou and Chunxi were expanded as the result of prospecting work. Also, among the production targets fulfilled in the first quarter were seismic lines, crude oil exportation, transportation, machinery repair, motor vehicle repair, electrical survey, electricity supply, water supply, etc.

9119

CSO: 4006/303

INDUSTRY

BRIEFS

XINJIANG INDUSTRY TRANSPORT CONFERENCE--The Xinjiang autonomous regional conference on industry and transport work was held from 27 May to 5 June in Urumqi. Responsible comrades of the Xinjiang Regional CCP Committee, the Standing Committee of the Xinjiang Regional People's Congress and the Xinjiang Regional People's Government including (Hong Jingchang), Song Zhihe, Tomur Dawamat, Huang Luobin, (Jia Yi), Han Jincao, Hamdinniyaz, Jannabil, Mu-sha-ye-fu, (Shan Yun), (Hai-de-zhu-de), (Zhang Xiru), (Si-ma-yi Ya-sang-nuo-fu) and Liu Zimo attended the conference. Comrades Huang Luobin, (Zhang Xiru) and Liu Zimo spoke at the conference. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 8 Jun 81 OW]

CSO: 4006/374

END

END OF

FICHE

DATE FILMED

July 7, 1981